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SUBJECT: CHAVEZ ORDERS THE EXPROPRIATION OF JEWISH-OWNED
MALL UNDER CONSTRUCTION

Classified By: Economic Counselor Darnall Steuart for reasons
1.4 (b) and (d).

¶11. (U) On December 21, during the last "Alo, Presidente" broadcast of 2008, President Chavez ordered the mayor of Libertador Borough of Caracas Jorge Rodriguez to expropriate a large commercial center in the final stages of construction. In his latest tirade against the private sector, Chavez reasoned the expropriation is warranted for several unrelated reasons, ranging from traffic problems in the area to the consumerism fomented by this type of mall. Chavez stated the building should house a medical clinic, university or school and did not mention compensation for the owners of the construction site.

¶12. (SBU) Privately owned by a prominent Jewish family, the Cohens, Sambil Construction had received permission to build the center from the mayor's office now ordered to expropriate the construction site. Approval for the construction of the commercial center was granted by the administration of former mayor and radical Chavista, Freddy Bernal. Cohen family patriarch Salomon Cohen served for 2 years as an engineer with the Ministry of Public Works in the 1950s. The pro-government website apporea.org accuses him of being pro-opposition and of using that position "to derive a small fortune." The commercial center, located in the less affluent La Candelaria section of central Caracas, was to house approximately 273 local merchants, a restaurant center, movie theaters and a convention center. Chavez did not refer to the Cohen family or the small Venezuelan Jewish community while ordering the expropriation.

COMMENT

¶13. (C) Announced on the first day of Hanukkah, the ordered expropriation deepens the sentiment among the Jewish community that the Bolivarian revolution specifically targets Jewish-owned enterprises. It further calls into question the sanctity of private property in Venezuela, although Chavez repeated that while he respects private property, all private property must have a "social component." It also carries a political risk, in that the commercial center was a source of construction jobs and promised to offer retail jobs in a less affluent area of Caracas.

CAULFIELD